

14 AUG 1956

MEMORANDUM FOR THE RECORD:

FROM : A Member of the Technical Accounting Staff,  
Office of the Comptroller

SUBJECT: General - Social Security  
Specific- Social Security Coverage for Contract Employees  
Receiving Taxable Wages on or after 1 January 1955  
from which no Deductions were made because the  
Employees were not on the Payroll when Social  
Security Procedures were Implemented by the Agency.

REFERENCE: [REDACTED]

1. Mr. [REDACTED] convened a meeting in his office the morning of 7 August 1956 to discuss the above subject. The meeting was attended by the following:

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Auth:	HR 78-2
Date:	21/09/78
By:	029

2. The conclusion was reached that the Agency should transmit necessary payments relative to Social Security coverage for those contract employees of the Agency who received taxable wages on or after 1 January 1955 from whose wages no deductions were made because the employees were not on the payroll when social security procedures were implemented.

3. It was recognized that the eligible employees who were not accorded coverage fall into two general groups:

a. Hourly contract employees who were under official cover at stations with Class "A" type accounting procedures. The identities of the employees in this category are known; it includes approximately [REDACTED] eligible employees to whom earnings were paid on or after 1 January 1955 without social security deductions being made.

b. Contract employees on payrolls serviced by the Agent Service Section. The identities of the employees in this category eligible for coverage are not known, and as provided in [REDACTED] it will be necessary to depend upon the Special Contracting Officer, Office of Personnel for such identifications.

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4. It was recognized further that the completion of the total project would involve at least the following steps:

- a. Identifying the employees involved.
- b. Computing the amounts of social security tax which should have been withheld.
- c. Remitting the tax and Agency contribution to Internal Revenue Service.
- d. Determine procedure for collection of amounts due from employees and disposition of balances determined uncollectable or insufficient to justify further collection effort.
- e. Establish the required internal earnings records.
- f. Obtain an executed SS-5, "Application for Social Security Account Number", from each person concerned. If the social security account number should be available from Agency records the requirement for a signed SS 5 could be waived.

The assistance of the Office of Personnel and the Area Divisions may be required in connection with the steps enumerated in paragraphs 4a and 4f above. In this connection, the Office of General Counsel representative agreed to meet with the Office of Personnel representatives and a representative of this Office to discuss Office of Personnel's participation in this overall problem. Appropriate clearance from the Office of Security and the Central Cover Branch apparently would be required in connection with these steps.

5. It was agreed with respect to the employees in group 3a above that the Finance Division would proceed immediately to make the necessary tax computations as a basis for remittance of taxes to Internal Revenue Service and for determining whether or not the amounts involved warrant collection efforts. In addition, it was concluded that it would be necessary to have the Office of Personnel assume the responsibility for obtaining an executed SS-5, "Application for Social Security Account Number", or a social security account number in lieu thereof, from those people. Presumably any collection efforts that may be made would be coordinated to the extent feasible with the effort to obtain an executed SS-5.

6. With respect to the problem of providing coverage to the employees in group 3b above, it was agreed that as an initial step the Finance Division would review the situation in the Agent Service Section before determining what assistance to seek from the Special Contracting Officer, Office of Personnel.

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7. It was recognized that the Agency should expedite the completion of the overall task as much as possible because under the provisions of [REDACTED] the Agency, in ordinary cases, is required to forward earnings records to DDCSI within the eleven months' period following the separation or death of the employee; said eleven months' period undoubtedly has already elapsed in a great many cases and it appears important to hold any further delay to a minimum. (The Agency's agreement with DDCSI provides that, if necessary, the Agency may delay the transmission of records up to 18 months following the employee's death or separation.)

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